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Title: The Minister of Finance, Minister of Corporate Affairs and Minister of Defence laid a statement correcting the reply given on 10.02.2014 to Unstarred Question No. 2946 by Shri Kalikesh N. Singh Deo, MP regarding 'Defence Contracts' and the reasons for delay in correcting the reply.

THE MINISTER OF FINANCE, MINISTER OF CORPORATE AFFAIRS AND MINISTER OF DEFENCE (SHRI ARUN JAITLEY): Madam, I beg to lay on the Table of the House a copy of the Statement (Hindi and English versions) (i) correcting the reply given on 10th February, 2014 to Unstarred Question No.2946 by Shri Kalikesh N. Singh Deo, Member of Parliament regarding 'Defence Contracts' and (ii) the reasons for delay in correcting the reply.

Subsequent to the conclusion of 15th Lok Sabha, it came to notice that in sub-part (a), details of transactions carried out under Life Cycle Cost (LCC) method had been sought. It was observed that one contract, i.e., Basic Trainer Airfract (BTA) has been concluded using Total Cost of Acquisition (TCA) method under the LCC approach. It was therefore proposed to revise the answer and table it in the 2nd Session of 16th Lok Sabha as there were no Question Days in 1st Session of 16th Lok Sabha.

The statement of correcting reply to the Lok Sabha Unstarred Question No.2946 is being tabled in Lok Sabha on the 8th August, 2014.

STATEMENT BY THE MINISTER OF DEFENCE CORRECTING THE REPLY TO PART (A) TO (E) OF THE LOK SABHA UNSTARRED QUESTION NO. 2946 ASKED BY SHRI KALIKESH N. SINGH DEO, M.P. (LOK SABHA) REGARDING "DEFENCE CONTRACTS" ON 10.02.2014

Question	Answer already given	Revised Answer
1	2	3
SHRI KALIKESH N. SINGH DEO	RAKSHA MANTRI (A. K. ANTONY)	
(a) Whether the government uses Life Cycle Cost. (LCC) method for defence procurement and if so, the details of the transactions carried out under this method;	(a) to (e) The Life Cycle Cost approach is adopted in some defence procurement cases. The model adopted may differ from case to case depending upon technical life of the platform, spares and maintenance requirements, and other parameters. On the suggestion of the Ministry of Finance, action has been initiated to include the Life Cycle Cost model in Defence Procurement Procedures.	(a) to (e) The Life Cycle Cost approach is adopted in some defence procurement cases. The model adopted may differ from case to case depending upon technical life of the platform, spares and maintenance requirements, and other parameters. **So far, only one contract, i.e. supply of Basic Training Aircraft, has been concluded using the Total Cost of Acquisition model under LCC approach.** On the suggestion of the Ministry of Finance, action has been initiated to include the Life Cycle Cost model in Defence Procurement Procedures.
(b)Whether the government has formulated/ is in the process of formulating a policy on procurement through the LCC method and if so, the details thereof and if not, the reason therefor;		
(c)Whether the Government has sought Finance Ministry's comments on the LCC method and policy being used currently and if so, the details thereof and if not the reasons therefor;		
(d)Whether the Ministry of Defence has accepted comments/objections raised by the Ministry of Finance to the current method of LCC being used and if so, the details thereof and if not, the reasons therefor; and		
(e)Whether the Ministry of Defence proposes to rectify the LCC policy to meet objection of Ministry of Finance and if so, the details thereof and if not, the reason therefor?		